

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

**RADNOR HOLDINGS
CORPORATION, *et al.*,**

Appellants,

V.

**THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS,**

Appellee.

In re:

**RADNOR HOLDINGS
CORPORATION, *et al.*,**

Debtors.

1. **Introduction**
 2. **Background**
 3. **Methodology**
 4. **Results**
 5. **Discussion**
 6. **Conclusion**
 7. **References**
 8. **Appendix**
 9. **Notes**
 10. **References**
 11. **Appendix**
 12. **Notes**
 13. **References**
 14. **Appendix**
 15. **Notes**
 16. **References**
 17. **Appendix**
 18. **Notes**
 19. **References**
 20. **Appendix**
 21. **Notes**
 22. **References**
 23. **Appendix**
 24. **Notes**
 25. **References**
 26. **Appendix**
 27. **Notes**
 28. **References**
 29. **Appendix**
 30. **Notes**
 31. **References**
 32. **Appendix**
 33. **Notes**
 34. **References**
 35. **Appendix**
 36. **Notes**
 37. **References**
 38. **Appendix**
 39. **Notes**
 40. **References**
 41. **Appendix**
 42. **Notes**
 43. **References**
 44. **Appendix**
 45. **Notes**
 46. **References**
 47. **Appendix**
 48. **Notes**
 49. **References**
 50. **Appendix**
 51. **Notes**
 52. **References**
 53. **Appendix**
 54. **Notes**
 55. **References**
 56. **Appendix**
 57. **Notes**
 58. **References**
 59. **Appendix**
 60. **Notes**
 61. **References**
 62. **Appendix**
 63. **Notes**
 64. **References**
 65. **Appendix**
 66. **Notes**
 67. **References**
 68. **Appendix**
 69. **Notes**
 70. **References**
 71. **Appendix**
 72. **Notes**
 73. **References**
 74. **Appendix**
 75. **Notes**
 76. **References**
 77. **Appendix**
 78. **Notes**
 79. **References**
 80. **Appendix**
 81. **Notes**
 82. **References**
 83. **Appendix**
 84. **Notes**
 85. **References**
 86. **Appendix**
 87. **Notes**
 88. **References**
 89. **Appendix**
 90. **Notes**
 91. **References**
 92. **Appendix**
 93. **Notes**
 94. **References**
 95. **Appendix**
 96. **Notes**
 97. **References**
 98. **Appendix**
 99. **Notes**
 100. **References**
 101. **Appendix**
 102. **Notes**
 103. **References**
 104. **Appendix**
 105. **Notes**
 106. **References**
 107. **Appendix**
 108. **Notes**
 109. **References**
 110. **Appendix**
 111. **Notes**
 112. **References**
 113. **Appendix**
 114. **Notes**
 115. **References**
 116. **Appendix**
 117. **Notes**
 118. **References**
 119. **Appendix**
 120. **Notes**
 121. **References**
 122. **Appendix**
 123. **Notes**
 124. **References**
 125. **Appendix**
 126. **Notes**
 127. **References**
 128. **Appendix**
 129. **Notes**
 130. **References**
 131. **Appendix**
 132. **Notes**
 133. **References**
 134. **Appendix**
 135. **Notes**
 136. **References**
 137. **Appendix**
 138. **Notes**
 139. **References**
 140. **Appendix**
 141. **Notes**
 142. **References**
 143. **Appendix**
 144. **Notes**
 145. **References**
 146. **Appendix**
 147. **Notes**
 148. **References**
 149. **Appendix**
 150. **Notes**
 151. **References**
 152. **Appendix**
 153. **Notes**
 154. **References**
 155. **Appendix**
 156. **Notes**
 157. **References**
 158. **Appendix**
 159. **Notes**
 160. **References**
 161. **Appendix**
 162. **Notes**
 163. **References**
 164. **Appendix**
 165. **Notes**
 166. **References**
 167. **Appendix**
 168. **Notes**
 169. **References**
 170. **Appendix**
 171. **Notes**
 172. **References**
 173. **Appendix**
 174. **Notes**
 175. **References**
 176. **Appendix**
 177. **Notes**
 178. **References**
 179. **Appendix**
 180. **Notes**
 181. **References**
 182. **Appendix**
 183. **Notes**
 184. **References**
 185. **Appendix**
 186. **Notes**
 187. **References**
 188. **Appendix**
 189. **Notes**
 190. **References**
 191. **Appendix**
 192. **Notes**
 193. **References**
 194. **Appendix**
 195. **Notes**
 196. **References**
 197. **Appendix**
 198. **Notes**
 199. **References**
 200. **Appendix**
 201. **Notes**
 202. **References**
 203. **Appendix**
 204. **Notes**
 205. **References**
 206. **Appendix**
 207. **Notes**
 208. **References**
 209. **Appendix**
 210. **Notes**
 211. **References**
 212. **Appendix**
 213. **Notes**
 214. **References**
 215. **Appendix**
 216. **Notes**
 217. **References**
 218. **Appendix**
 219. **Notes**
 220. **References**
 221. **Appendix**
 222. **Notes**
 223. **References**
 224. **Appendix**
 225. **Notes**
 226. **References**
 227. **Appendix**
 228. **Notes**
 229. **References**
 230. **Appendix**
 231. **Notes**
 232. **References**
 233. **Appendix**
 234. **Notes**
 235. **References**
 236. **Appendix**
 237. **Notes**
 238. **References**
 239. **Appendix**
 240. **Notes**
 241. **References**
 242. **Appendix**
 243. **Notes**
 244. **References**
 245. **Appendix**
 246. **Notes**
 247. **References**
 248. **Appendix**
 249. **Notes**
 250. **References**
 251. **Appendix**
 252. **Notes**
 253. **References**
 254. **Appendix**
 255. **Notes**
 256. **References**
 257. **Appendix**
 25

Case No. 06-735 (SLR)

Chapter 11

Case No. 06-10894-(P JW)

Jointly Administered

**RESPONSE OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
TO DEBTORS' MOTION FOR LEAVE OF REQUIREMENTS OF DISTRICT
COURT STANDING ORDER DATED JULY 23, 2004 REQUIRING DEBTORS'
MANDATORY PARTICIPATION IN MEDIATION PROCEEDINGS ON APPEAL**

The Official Committee of Unsecured Creditors of Radnor Holdings Corp., *et al.* (the “**Committee**”), the appellee in the above-captioned appeal before this Court, by and through its undersigned counsel, hereby responds to the Debtors’ motion (the “**Motion**”) for entry of an order granting the parties relief from the Order Regarding Procedures to Govern Mediation of Appeals from the United States Bankruptcy Court for this District, dated July 23, 2004 (the “**Mediation Order**”). In response to the Motion, the Committee states:

1. The Debtors¹ seek leave from the requirements of the Mediation Order on the grounds that (1) there is no dispute for a mediator to resolve because the only issues on appeal

¹ Unless otherwise indicated, capitalized terms in this response have the same meaning as in the Motion.

are the legal issues set forth in the Appellants' Notice of Appeal; and (2) mediation would require the Debtors and their estates to incur additional expenses, when the Debtors' estates are bordering on administrative insolvency "due in large part to the fees and expenses of professionals retained by the Committee and/or in connection with the Adversary Proceeding."

2. For the reasons set forth below, the Committee takes no position as to whether the requirements of the Mediation Order should be waived in this proceeding. Although the Committee believes that there could be some benefit to mediation, the Debtors' resistance to proceeding with mediation suggests that efforts to settle this appeal through mediation would be met with an absence of cooperation or participation on the part of the Debtors. In light of the Debtors' opposition, mediation appears unlikely to produce a constructive result.

3. In addition, no provision has been made in the Debtors' estates, and no funds have been set aside or allocated, for a mediator or the Committee's expenses and professional fees in connection with mediation or any other appellate proceedings. The Debtors' assertion that the Committee's professional fees have somehow pushed the Debtors' estates to the brink of administrative insolvency is simply false. As the Debtors are well aware, no funds have been paid out of the Debtors' estates to the Committee's professionals. To the contrary, the Debtors and the Purchaser negotiated the Asset Purchase Agreement that purports to allocate in advance and in contravention of the Bankruptcy Code what specific amounts may be paid by the Purchaser (who is also one of the Debtors' secured lenders) to the parties' respective professionals. The Debtors and the Purchaser have agreed that the Purchaser will pay more than \$6.5 million to the Debtors' professionals, while providing that the Committee's professionals would receive no more than \$300,000. The Committee's professional fees and costs to date exceed the amount allocated under the Asset Purchase Agreement. Although the Committee has

appealed the Sale Order in a separate proceeding, as the situation currently stands, the Committee has been left with no resources to pay for mediation expenses or to pay its professionals in connection with mediation proceedings. The absence of any financial resources to pay for a mediator, or to pay professional fees for the Committee's financial and legal advisors, effectively chills the Committee's practical ability to participate in mediation until the issue of its professional fees is resolved in the Sale Order appeal.

WHEREFORE, the Committee respectfully requests that the Court enter an order granting such relief as the Court determines to be appropriate, just, and proper.

Dated: Wilmington, Delaware
December 26, 2006

GREENBERG TRAURIG, LLP

By:



Donald Detweiler (No. 3087)
Victoria Counihan (No. 3488)
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360
detweilerd@gtlaw.com
counihanv@gtlaw.com

-and-

Nancy A. Mitchell
Nancy A. Peterman
GREENBERG TRAURIG LLP
77 West Wacker Drive
Suite 2400
Chicago, Illinois 60601
Phone: (312) 456-8400
Facsimile (312) 456-8435
mitchelln@gtlaw.com
petermann@gtlaw.com

Counsel for the Official Committee of Unsecured
Creditors of Radnor Holdings Corporation, *et al.*

CHI 56622552v1 12/22/2006

Donald Detweiler (No. 3087)
Victoria Counihan (No. 3488)
The Nemours Building
1007 North Orange Street, Suite 1200
Wilmington, DE 19801
Telephone: (302) 661-7000
Facsimile: (302) 661-7360

EXHIBIT A

Debtors:

Caroline Williamson
Radnor Holdings Corporation
150 Radnor Chester Road
Building A, Suite 300
Radnor, PA 19087
(By Overnight Courier)

Alvarez & Marsal, Inc.
Stan Springel
Robert McEvoy
600 Lexington Avenue
6th Floor
New York, NY 10022
(By Overnight Courier)

United States Trustee:

William K. Harrington, Esq.
Margaret Harrison Esq.
Office of the U.S. Trustee
844 King Street
Room 2207, Lockbox 35
Wilmington, DE 19801
Tel: 302-573-6491
Fax: 302-573-6497
(By Hand Delivery)

Agent for the DIP Lenders:

Laura Davis Jones, Esq.
James E. O'Neill, Esq.
Pachulski Stang Ziehl Young
Jones & Weintraub
919 North Market Street, 17th Fl.
P.O. Box 8705
Wilmington, DE 19899-8705
(By Hand Delivery)

Anup Sathy, Esq.
Ross M. Kwasteniet, Esq.
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601-6636
(By Overnight Courier)

Counsel for the Funding Agent:

Paula A. Schmeck, Esq.
Thorp, Reed & Armstrong, LLP
One Oxford Centre
301 Grant Street, 14th Fl.
Pittsburgh, PA 15219
(By Overnight Courier)

William P. Bowden, Esq.
Ashby & Geddes
222 Delaware Avenue
P.O. Box 1150
Wilmington, DE 19899
(By Hand-Delivery)

Official Committee of Unsecured Creditors:

Donald J. Detweiler, Esquire
Victoria W. Counihan, Esquire
Greenberg Traurig, LLP
The Nemours Building
1007 North Orange Street
Suite 1200
Wilmington, Delaware 19801
Telephone: 302-661-7667
Fax: 302-661-7360
(By Hand-Delivery)

Nancy A. Mitchell, Esquire
Nancy A. Peterman, Esquire
Greenberg Traurig, LLP
77 West Wacker Drive
Suite 2500
Chicago, IL 60601
(By Overnight Courier)

Counsel to Tennenbaum Capital Partners, LLC:

Mark D. Collins, Esq.
Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, DE 19801
(By Hand Delivery)

Gregory A. Bray, Esq.
Fred Neufeld, Esq.
Milbank, Tweed, Hadley & McCloy LLP
601 South Figueroa Street
30th Floor
Los Angeles, CA 90017-5735
(By Overnight Delivery)